

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909



January 9, 2007

Mr. Glenn Jennings
Commissioner
Department for Medicaid Services
Sixth Floor
275 East Main Street
Frankfort, Kentucky 40621-0001

Attention: Kevin Skeeters

RE: Kentucky Title XIX State Plan Amendment, Transmittal #06-014

Dear Mr. Jennings:

We have reviewed the proposed amendment to the Kentucky Medicaid State Plan that was submitted under transmittal number 06-014. This amendment implements the Deficit Reduction Act provisions in determining eligibility for long-term care services, including look back and penalty calculation for transfer of assets for less than fair market value made on or after February 8, 2006.

Based on the information provided, we are pleased to inform you that Medicaid State Plan Amendment 06-014 was approved on January 8, 2007. The effective date for this amendment is October 1, 2006. We are also enclosing the approved HCFA-179 and plan pages.

If you have any questions or need any further assistance, please contact Maria Donatto at (404) 562-3697.

Sincerely,

Renard L. Murray, D.M.
Associate Regional Administrator
Division of Medicaid & Children's Health

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
06-013

2. STATE
Kentucky

FROM: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2006

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
42 USC 1396p(c)

7. FEDERAL BUDGET IMPACT:
a. FFY 2006 Indeterminable Savings
b. FFY 2007 Indeterminable Savings

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement 9(b) to Attachment 2.6-A pages 1-4

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Same

10. SUBJECT OF AMENDMENT:

This plan amendment clarifies the look back date and the penalty calculation for transfer of assets for less than fair market value made on or after February 8, 2006.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Review delegated
to Commissioner, Department for Medicaid
Services

SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Glenn Jennings

14. TITLE: Commissioner, Department for Medicaid Services

15. DATE SUBMITTED: 12/13/06

16. RETURN TO:

Department for Medicaid Services
275 East Main Street 6W-A
Frankfort, Kentucky 40621

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 12/13/06

18. DATE APPROVED: 01/08/07

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
10/01/06

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Renard L. Murray, D.M.

22. TITLE: Associate Regional Administrator
Division of Medicaid & Children's Health

23. REMARKS:

Approved with two changes as authorized by the State Agency by two emails, as described below.
Item 1: Change "06-013" to "06-014," per email from State Agency on 12/14/06
Item 8: Change "Supplement 9(b) to Attachment 2.6-A pages 1-4" to "Supplement 9(b) to Attachment 2.6-A pages 1-5," per email from State Agency on 01/08/07

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Kentucky

TRANSFER OF ASSETS

1917(c) **FOR TRANSFERS OF ASSETS FOR LESS THAN FAIR MARKET VALUE MADE ON OR AFTER FEBRUARY 8, 2006**, the agency provides for the denial of certain Medicaid services.

1. Institutionalized Individuals are denied coverage of certain Medicaid services upon disposing of assets for less than fair market value on or after the look-back date.

The agency does not provide medical assistance coverage for vendor payment recipients for the following services:

Nursing facility services;

Nursing facility level of care provided in a medical institution;

Intermediate Care Facility for the Mentally Retarded and Developmentally Disabled

Home and community-based services under a 1915(c) or (d) waiver.

2. Non-institutionalized individuals:

— The agency applies these provisions to the following non-institutionalized eligibility groups. These groups can be no more restrictive than those set forth in section 1905(a) of the Social Security Act:

The agency withholds payment to non-institutionalized individuals for the following services:

Home health services (section 1905(a)(7));

Home and community care for functionally disabled elderly adults (section 1905(a)(22));

Personal care services furnished to individuals who are not inpatients in certain medical institutions, as recognized under agency law and specified in section 1905(a)(24).

TN No. 06-014
Supersedes

TN No. 92-1

Approval Date: 01/08/07
Effective Date: 10/01/06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Kentucky

TRANSFER OF ASSETS

— The following other long-term care services for which payment for medical assistance is otherwise made under the agency plan:

3. Penalty Date--The beginning date of each penalty period imposed for an uncompensated transfer of assets is the later of:

the first day of a month during or after which assets have been transferred for less than fair market value;

X The State uses the first day of the month in which the assets were transferred

— The State uses the first day of the month after the month in which the assets were transferred

or

X the date on which the individual is eligible for medical assistance under the State plan and is receiving institutional level care services described in paragraphs 1 and 2 that, were it not for the imposition of the penalty period, would be covered by Medicaid;

AND

which does not occur during any other period of ineligibility for services by reason of a transfer of assets penalty.

4. Penalty Period - Vendor Payment Recipients--
In determining the penalty for an vendor payment recipients, the agency uses:

X the average monthly cost to a private patient of nursing facility services in the State at the time of application;

TN No. 06-014
Supersedes

TN No. 92-1

Approval Date: 01/08/07
Effective Date: 10/01/06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Kentucky

TRANSFER OF ASSETS

— the average monthly cost to a private patient of nursing facility services in the community in which the individual is institutionalized at the time of application.

5. Penalty Period - Non-institutionalized Individuals--
The agency imposes a penalty period determined by using the same method as is used for an institutionalized individual, including the use of the average monthly cost of nursing facility services;

— imposes a shorter penalty period than would be imposed for institutionalized individuals, as outlined below:

6. Penalty period for amounts of transfer less than cost of nursing facility care--

Where the amount of the transfer is less than the monthly cost of nursing facility care, the agency imposes a penalty for less than a full month, based on the option selected in item 4.

X The state adds together all transfers for less than fair market value made during the look-back period in more than one month and calculates a single period of ineligibility, that begins on the earliest date that would otherwise apply if the transfer had been made in a single lump sum.

7. Penalty periods - transfer by a spouse that results in a penalty period for the individual--

(a) The agency apportions any existing penalty period between the spouses using the method outlined below, provided the spouse is eligible for Medicaid. A penalty can be assessed against the spouse, and some portion of the penalty against the individual remains.

(b) If one spouse is no longer subject to a penalty, the remaining penalty period must be served by the remaining spouse.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Kentucky

TRANSFER OF ASSETS

8. Treatment of a transfer of income-

When income has been transferred as a lump sum, the agency will calculate the penalty period on the lump sum value.

When a stream of income or the right to a stream of income has been transferred, the agency will impose a penalty period for each income payment.

X For transfers of individual income payments, the agency will impose partial month penalty periods using the methodology selected in 6. above.

— For transfers of the right to an income stream, the agency will base the penalty period on the combined actuarial value of all payments transferred.

9. Imposition of a penalty would work an undue hardship-

The agency does not impose a penalty for transferring assets for less than fair market value in any case in which the agency determines that such imposition would work an undue hardship. The agency will use the following criteria in making undue hardship determinations:

Application of a transfer of assets penalty would deprive the individual:

- (a) Of medical care such that the individual's health or life would be endangered; or
- (b) Of food, clothing, shelter, or other necessities of life.
- (c) the transfer of resources is not recoverable was not intended by the applicant to result in Medicaid Coverage, or was out of the applicants control.

10. Procedures for Undue Hardship Waivers-

The agency has established a process under which

TN No. 06-014
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TN No. 92-1

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Kentucky

TRANSFER OF ASSETS

hardship waivers may be requested that provides for:

- (a) Notice to a recipient subject to a penalty that an undue hardship exception exists;
- (b) A timely process for determining whether an undue hardship waiver will be granted; and
- (c) A process, which is described in the notice, under which an adverse determination can be appealed.

These procedures shall permit the facility in which the institutionalized individual is residing to file an undue hardship waiver application on behalf of the individual with the consent of the individual or the individual's personal representative.

11. Bed Hold Waivers For Hardship Applicants

The agency provides that while an application for an undue hardship waiver is pending in the case of a current Medicaid member who is a resident of a nursing facility:

- X Payments to the nursing facility to hold the bed for the individual will be made for a period not to exceed 30 days (may not be greater than 30).

TN No. 06-014
Supersedes

TN No. 92-1

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